

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

U T — 0 0 - 011

2. STATE:

UTAH

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.250

7. FEDERAL BUDGET IMPACT:

a. FFY 2000 \$ -0-

b. FFY 2001 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

ATTACHMENT 4.19-A, Page 6

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Same

10. SUBJECT OF AMENDMENT:

Inpatient Hospital Payment Methodology

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*Rod L. Betit*

13. TYPED NAME: Rod L. Betit  
Executive Director

14. TITLE: Department of Health

15. DATE SUBMITTED:  
August 7, 2000

16. RETURN TO:

Rod L. Betit, Executive Director  
Department of Health  
Box 143102  
Salt Lake City, UT 84114-3102

~~Rod L. Betit, Executive Director~~

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

August 14, 2000

18. DATE APPROVED:

12/19/00

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/1/00

20. SIGNATURE OF REGIONAL OFFICIAL:

*David R. Selleck*

21. TYPED NAME:

David R. Selleck

22. TITLE:

Acting Associate Regional Administrator

23. REMARKS:

POSTMARK: August 9, 2000

INPATIENT HOSPITAL  
Section 100 Payment Methodology (Continued)

180 Utilization Review and Control of Inpatient Hospital Services -- Payment may be denied or withheld for inpatient hospital services that do not meet Medicaid regulations or criteria for medical necessity and appropriateness. Medicare regulations and guidelines apply when additional clarification or explanation is required. In the event payment is made and the services are subsequently deemed inappropriate or unnecessary, the payment(s) can be recovered through offsets to future payments. Payment may be denied or withheld in the following circumstances:

1. The inpatient care provided in an acute care facility is not medically necessary based on InterQual Criteria for inpatient admission.
2. The claim is based on an incorrect principal diagnosis.
3. The services or procedures requiring prior authorization have been provided without obtaining the appropriate prior authorization.
4. The patient is transferred when there is no medical justification. In the case of inappropriate transfers, the discharging hospital receives the full DRG and the transferring hospital is denied payment.
5. The patient has been readmitted within 30 days of discharge for the same or similar diagnosis. Except for cases related to pregnancy, neonatal jaundice, or chemotherapy, all readmissions within 30 days of a previous discharge will be reviewed to ensure that Medicaid criteria have been met for 1) severity of illness, 2) intensity of service, 3) appropriate discharge planning, and 4) financial impact to the State. Outlier days will be paid where appropriate. In addition, all claims are subject to post payment review.

Determinations of medical necessity and appropriateness will be made in accordance with, but not limited to, the following criteria and protocols:

1. The Diagnostic Group (DRG) system that was established to recognize the relative amount of resources consumed to treat a specific type of patient. The Utah DRG weight, average length of stay (ALOS), and outlier threshold days are extracted from Utah Medicaid paid claims history files where available or from the U.S. Department of Health and Human Services, Health Care Financing Administration (HCFA).
2. The comprehensive, clinically-based, patient-focused medical review criteria and system developed by InterQual, Inc.
3. The appropriate, Utah-specific Administrative Rules or criteria developed through the Utilization Review Committee for programs and services not otherwise addressed.
4. The determination, where deemed necessary, of the Utilization Review Committee. The Committee must include at least two physicians and two registered nurses. The Committee will review and make recommendations on complicated or questionable individual cases.

TN No. 00-011  
Supersedes  
TN No. 99-002

Approval Date 12/19/00

Effective Date 07/01/00